

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 9th of September

Markets Outlook

Equities: Stocks across Europe are in the red for their third day in a row on Thursday, as larger investors likely liquidate some positions ahead of the ECB release this afternoon. The main indices on the continent are down between 0.30% and 0.50% following a broadly negative session on Wall Street last evening and in Asia overnight. Concerns remain over the potential slowdown in global growth. The VIX is slightly higher at \$19.05 as futures in the US sell off this morning.

Currencies: FX markets have seen mixed trade this week so far, the Dollar has strengthened slightly as equities have sold off and the strength of the global recovery has come into question. This afternoon the Euro could see some volatility should the ECB disappoint with regard to investor expectations, EUR/USD at 1.183 on Thursday morning, EUR/GBP at 0.857.

Safe-havens: Gold moved below the \$1,800 round figure yesterday on the back of some slight Dollar strength, the metal resting at \$1,796 today and trading marginally higher on the current session. Bonds have taken a breather this morning and yesterday as we await further clarity from the ECB later today. Germany's 10yr Bund yield's -0.329 as we write, the underlying bond having moved consistently lower over recent weeks.

Looking ahead: Focus today is most certainly on the ECB interest rate decision and monetary policy release, due at 12:45pm. The bank is now expected to announce a reduction in the pace of its bond buying under the PEPP programme. Looking beyond the ECB, Canada's NFP equivalent and Unemployment Rate are due tomorrow afternoon, along with the US Producer Price Index (PPI) reading.

Key Events to Watch

09/09/2021 - ECB Rate Decision

10/09/2021 - US PPI

14/09/2021 - US CPI

15/09/2021 - UK CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,514	-0.13%	20.18%
DAX	15,610	-1.47%	12.97%
EuroStoxx	4,177	-1.13%	16.60%
ISEQ	8,708	-1.57%	17.40%
FTSE	7,095	-0.75%	8.56%
Nikkei 225	30,008	-0.57%	9.34%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1813	-0.22%	-3.17%
EUR/GBP	0.8576	-0.09%	-3.88%
GBP/USD	1.3768	-0.10%	0.78%
USD/CHF	0.9220	0.27%	3.91%
USD/JPY	110.23	-0.04%	6.47%
EUR/JPY	130.21	-0.25%	3.11%

Fixed Income	Value	Daily Change
US 10yr	1.336	-0.041
US 2yr	0.218	-0.004
Bund 10yr	-0.330	-0.011
Irish 10yr	0.079	-0.007
Gilt 10yr	0.752	0.015
JGB 10yr	0.038	0.004

Financial News Round Up

Cairn Homes

Irish house-builder and developer Cairn Homes has reported its earnings results for the first half of the year, while also noting that demand for new homes in the country is at its strongest level since the business was founded in 2014.

H1 revenues came in at €130.6m, up 61% on the same period last year, while Cairn's operating profits more than doubled from the previous €5.8m to €11.7m. In addition, the firm's order book has increased significantly, from €214m at the beginning of the year to the current €655m, while it has stated it is planning on delivering 2,550 homes between this year and next. The average selling price of one of Cairn's homes came in unchanged at €371,000 (including VAT).

CEO Michael Stanley stated that the company welcomes the Government's new plans and initiatives as part of their recent Housing for All strategy, "Cairn for its part will continue to provide a significant number of quality built new homes predominantly for prospective homeowners, but also for the rental market".

Stanley also added that it will be crucial that the Government's plan is complemented by the Central Bank's mortgage lending rules: "A framework that remains prudent but gives thousands of prospective customers earning good salaries a greater opportunity to qualify for a mortgage is urgently needed for the tens of thousands of first-time buyers who remain trapped in the affordability gap".

The shares, which have gained just over 15% YTD so far, trade on a 12-month forward-P/E multiple of 27.6 times vs the industry 23x. Cairn's price/book comes in at 1.1x at present, versus the industry 2.1x.

EasyJet

British budget airline EasyJet has announced today that it rejected a takeover offer, and has decided to instead raise £1.2 billion from shareholders to fund its recovery and expand its operations. The airline disclosed today that the approach was from an unnamed bidder for "a low premium and highly conditional all-share transaction".

Over the last 18 months, we have seen EasyJet lose over £2 billion, and suffer its first annual loss last year in its 25-year history. The planned £1.2b rights issue will be priced at £4.10, representing a deep discount on this morning's share price of £7.19. The shares, which have lost 13% of their value so far this year, are a stark 9% lower on Thursday morning following the announcement.

Climate Change

In a new report by the climate think tank Carbon Tracker, the world's biggest oil firms will need to reduce production by at least 50% over the next 10 years if we are to limit global warming to +1.5 degrees as per the Paris Climate Accord.

The report makes claims that oil and gas firms have "not woken up" to the implications of the International Energy Agency's (IEA) recent findings that no investment in new oil and gas production is needed if global targets are to be met.